

JULY 2023

### 1. What is a W-8 form?

A W-8 form is a United States withholding certificate that is available on the Internal Revenue Service (IRS) website. It should be completed by non-US individuals and entities when investing in US securities.

Any income sourced from the US an undocumented client receives will be subject to withholding tax (WHT) at a rate of 30%. This WHT rate may reduce once the account holder(s) complete the W-8 form and become documented, where they are eligible to claim tax treaty benefits. If you're unsure whether you are eligible to claim tax treaty benefits, please refer to question 16.

### 2. There are many types of W-8 forms available on the IRS website. Which one should I complete and sign?

Non-US individuals are expected to complete a W-8BEN form. While the most commonly used W-8 form for non-US entities is the W-8BEN-E form, flow-through entities are required to complete the W-8IMY form. There are various types of forms available on the IRS website, therefore entity account holders are highly recommended to review the relevant W-8 instructions before deciding about which form to complete and sign.

### 3. Why am I being asked to complete and sign a W-8 form?

A W-8 Form is required in order to hold US securities on an account. The W-8 Form documents an individual's or an entity's non-US status and allows account holder(s) to claim any applicable tax treaty benefits.

### 4. What will happen to the form once I complete it and return it to 7IM?

Once the form is returned to 7IM, it will be validated to ensure it meets IRS requirements. If the form is valid, it gets recorded on the 7IM systems to enable the account holder to continue investing in US securities. The W-8 form is never sent to the IRS or any other tax authorities.

### 5. What will happen if I do not complete and return the W-8 form?

Your 7IM account will be flagged as "undocumented". Undocumented account holders will not be able to hold US securities in their account.

### 6. Where can I access the W-8 form?

In order to ensure that account holders complete the correct type and version of the W-8 form, they should always access it from the "Forms & Instructions" section of the IRS website:

<https://www.irs.gov/forms-instructions>

## 7. How can I send the completed and signed form to 7IM?

7IM can accept W-8 forms in three ways:

1. The original version by post
2. Scanned copies by email

The scanned copy has to be sent to 7IM by a person authorised to do so, i.e. the scanned copy can only be accepted from third parties, like IFAs, if the third party email contains the account holder's original email and scanned copy of the W-8.

3. Electronically signed versions

If the signature block contains the name of the person authorised to sign, a time and date stamp, and a statement that the form is electronically signed. We can only accept electronic signatures if the signature meets the criteria listed and when clients use a digital signature application.

## 8. Who may sign the W-8 form?

Generally, the W-8BEN (Individual) form is expected to be signed by the named beneficial owner on Part I – line 1 of the W-8BEN form. If the named beneficial owner is unable to sign the form, then a person who is authorised to sign on behalf of the beneficial owner may sign. Examples of an authorised person include individuals who are named power of attorneys or parents/guardians of minors.

W-8 forms for entities may be signed by authorised signatories, including an officer or director of a corporation, a partner of a partnership, a trustee of a trust or an executor of an estate.

## 9. I need to provide the W-8BEN form for a joint account. Are there any specific requirements?

Each account holder is requested to complete and sign a W-8BEN form.

## 10. Which fields are mandatory to complete on the W-8BEN (Individuals) form?

Account holders should refer to the IRS instructions for correct completion of the form. However, the minimum information that is required on the form includes name of individual who is the beneficial owner, country of citizenship, permanent residence address, claim of tax treaty benefits where applicable and the certification section.

## 11. Am I required to send any additional documentation with the W-8 form?

Generally, if the form is completed correctly, then no additional documentation is required. However, in certain situations additional documentary evidence might be required. This will either be to establish entitlement to a reduced rate of withholding under an income tax treaty or to establish an account holder's status as a foreign (non-US) person.

**12. Does the W-8 form expire?**

Yes. A W-8 form expires on the 31 December, 3 years from the year the form was signed.

For example, if the form was completed on 1 January 2020, the form would expire on 31 December 2023.

Likewise if the form was completed on 1 November 2020, the form would still expire on 31 December 2023.

**13. What happens if a change in circumstances has occurred since I submitted a W-8 form to 7IM?**

The form will become invalid if a change in circumstances occurs that makes any information on the previously submitted form incorrect. Account holders are required to complete and sign a new W-8 form within 30 days of the change in circumstances.

**14. What are the common errors that account holders make while completing the W-8BEN (Individual) form?**

Account holders make the following errors which render the form invalid and would need to be resubmitted:

- Submitting an incomplete form (e.g. incomplete permanent residence address or claim of tax treaty benefits or certification)
- Using country abbreviations such as 'UK' or 'GB', 'England', 'Scotland'
- Claiming tax treaty benefits on the basis of a non-existing tax treaty
- Not initialling manuscript amendments

**15. What are the common errors that account holders make while completing the W-8BEN-E Form?**

Account holders make the following errors which render the form invalid and would need to be resubmitted:

- Submitting an incomplete form (e.g. incomplete permanent residence address, Chapter 3 & Chapter 4 status, claim of tax treaty benefits or certification)
- Failing to determine the entity type (Chapter 3 Status) on the basis of US tax regulations
- Using country abbreviations such as 'UK' or 'GB', 'England', 'Scotland'
- Claiming tax treaty benefits on the basis of a non-existing tax treaty
- Not initialling manuscript amendments
- Failing to certify (by ticking the box) that the signatory has capacity to sign the form

**16. How will I know whether I am eligible to claim tax treaty benefits?**

The list of countries that have a tax treaty with the United States can be found on the IRS website, **here**.

If the country in which you are permanent resident is listed, you may check your eligibility to claim a reduced tax rate. If you are unable to find your permanent resident country on this list, it is likely that there is no existing tax treaty between your permanent resident country and the United States.

If you have further questions, you may refer to the IRS Instructions under the “Forms & Instructions” section of the IRS website (<https://www.irs.gov/forms-instructions>) or we recommend that you contact your tax adviser.